

Entire Correspondence

BETWEEN

The New York, Newfoundland and London

TELEGRAPH COMPANY

AND

The International Ocean

TELEGRAPH COMPANY,

In regard to the latter's Tariff discriminating against
European Business.



New York

1870.

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.N5

E. G. J. 4/18/10.

E. & J. 4/18/10.

CORRESPONDENCE.

(COPY.)

OFFICE N. Y., N. & L. TEL. CO., }
NEW YORK, April 4, 1870. }

MY DEAR MR. ORTON:

Will you kindly inform me what tariff is charged the public on business from New York to Havana, and also the tariff charged on Atlantic Cable business from and to the same points, and much oblige

Very truly, your friend,

CYRUS W. FIELD, Vice-President.

To WM. ORTON, Esq.,

President W. U. Tel. Co., N. York.

(COPY.)

W. U. TEL. CO., }
NEW YORK, April 4, 1870. }

MY DEAR MR. FIELD:

Replying to your favor of this date, I beg to say, that on inquiry, I am informed that whereas the tariff on a business message of ten words from this city to Havana is but \$5 and 40, the rate for business to and from the Atlantic Cables between the same points is \$7 50 and 75. This discrepancy was unknown to me until this moment, and some action should promptly be taken to secure uniformity.

Very truly yours,

WILLIAM ORTON.

CYRUS W. FIELD, Esq.

(COPY.)

N. Y., N. & L. TEL. Co., }
New York, April 4, 1870. }

Gen. WM. F. SMITH, Prest. I. O. T. Co.,

Dear Sir: Will you kindly inform me what tariff is charged the public on business from New York to Havana, and also the tariff charged on Atlantic Cable business from and to the same points, and much oblige,

Very truly, your friend,

CYRUS W. FIELD, Vice-President.

(COPY.)

OFFICE OF THE I. O. T. Co., }
No. 88 Liberty Street, }
NEW YORK, April 5, 1870. }

CYRUS W. FIELD, Esq., Vice-Prest.

Dear Sir: I have to acknowledge the receipt of your letter to this office asking for information as to rates on telegraph messages from Havana, and I am directed to inclose you the printed card of this Company, which contains the information you desire.

Very respectfully, your ob'dt serv't,

THOS. P. BLADEN, Treasurer.

TARIFF AND RULES FOR CUBA CABLE BUSINESS.

OFFICE OF THE INTERNATIONAL OCEAN TELEGRAPH COMPANY, }
New York, January 1st, 1870. }

TARIFF OF RATES TO ALL POINTS IN GREAT BRITAIN, IRELAND AND FRANCE.

All Messages must be prepaid. Tariff in Gold. 10 words, inclusive of date, address and signature.

	10 words.	Ex. add'l word.
From Havana to any Telegraph Office in Great Britain, Ireland and France.....	\$15 00	\$1 50
From any office on I. O. Telegraph Co.'s Line to any Telegraph Office in Great Britain, Ireland and France....	18 25	1 32

TARIFF TO PLACES BEYOND GREAT BRITAIN, IRELAND AND FRANCE.

On Messages to places beyond Great Britain, Ireland and France, the following rates, in gold, in addition to the tariff to Great Britain, are charged:

FOR TWENTY WORDS OR LESS.

Algeria.....	\$1 60	Portugal.....	\$1 30
Austria and Hungary.....	1 20	Prussia.....	1 10
Baden.....	80	Roman States.....	1 20
Bavaria.....	80	Russia in Europe.....	2 10
Belgium.....	80	Russia Caucasus.....	2 70
Benghazi.....	5 20	Russia, Siberia, first region.....	3 70
Channel Islands.....	1 20	Russia, Siberia, second region.....	5 30
Corfu.....	1 80	Servia.....	1 40
China, Post Office, including postage.....	14 40	Sicily.....	1 20
Denmark.....	1 30	Spain.....	1 10
North Germany.....	1 10	Sweden.....	1 60
Greece and Ionian Isles.....	2 00	Switzerland.....	80
Hohenzollern.....	1 00	Tripoli.....	3 50
Holland.....	13 00	Tunis.....	1 60
India.....	1 20	Turkey in Europe.....	2 00
Italy.....	70	Turkey in Asia, first region.....	2 80
Luxembourg.....	1 80	Turkey in Asia, second region.....	3 60
Malta.....	1 40	Wurtemberg.....	80
Moldavia, Wallachia.....	1 70	Alexandria, Egypt.....	6 80
Norway.....	5 80	Cairo and Suez.....	7 80
Persia.....	5 80	Suez Canal Company.....	8 30

For each ten or fraction of ten words above twenty, charge, in addition, one-half of these rates.

RULES FOR BUSINESS WITH PLACES BEYOND GREAT BRITAIN AND IRELAND.

THESE RULES GOVERN THE ADDITIONAL CHARGE BEYOND GREAT BRITAIN.

All compound names, including names of Countries, States, &c., and compound words, count for as many words as they contain.

Two-pence, three-pence, &c., count as two words in each case.

Double rates must be charged for all Government messages written in code or cypher.

The Continental Telegraph Companies will not entertain or investigate complaints of error or delay in unreported messages.

In all other respects the rules for Cuba Cable business will be observed.

TARIFF OF RATES EXCLUSIVELY FOR TELEGRAPH MESSAGES ORIGINATING IN THE UNITED STATES AND BRITISH PROVINCES.

TO AND FROM HAVANA, CUBA.

All Messages must be prepaid. Tariff in gold. 10 words, inclusive of date, address, and signature.

	10 Words.	Each add'l word.
To or from any office of the Western Union Telegraph Company, in the U. S., East of the Mississippi, including St. Louis, Missouri.....	\$5 00	40c.
To or from any office of the Western Union Telegraph Company, in the U. S., West of the Mississippi, excepting St. Louis, Missouri.....	7 50	75c

from any office in the U. S., not on Western Union Telegraph Company's line, add in gold the local tariff of connecting Company—from the office of the Western Union Telegraph Company, where message is handed over to the connecting line.....		
or from any office of the International Ocean Telegraph Company, excepting Key West, Fla.....	\$5 00	40c.
To or from Key West, Flor.....	1 75	18c.
To or from offices in Canada.....	5 50	45c.
To or from offices in New Brunswick and Nova Scotia.....	6 00	50c.
To or from offices in Newfoundland.....	7 50	65c.

On messages to the following offices in the Island of Cuba, beyond Havana collect, in addition to above rates, Spanish local tariff, viz: seventy-five cents, gold, for twenty words or less, and twenty-five cents, gold, for each additional ten words or fraction of ten words.

LIST OF TELEGRAPHIC STATIONS IN CUBA.

Batabano, Bejucal, Bemba, Boca du Sagua, Bayamo, Consolacion del Sur, Colon, Cardenas, Cienfuegos, Caibarien, Ciego de Avila, Cuba, Guanajay, Guines, Gualmaro, Jiguani, Los Palacios, Los Pinos, Matanzas, Pinar del Rio, Paso Real, Puerto Principe, Remedios, San Antonio, Santo Domingo (Colonade), Sagua, Santa Spiritu, Trinidad, Union de Reyes and Villaclara.

N. B.—All dispatches to points in Cuba, beyond Havana, are required by the Spanish Government to be written in the Spanish language, and this Company will take no responsibility on such messages if forwarded in any other than the Spanish language.

JANUARY 1, 1870.

Persons desirous of forwarding by mail dispatches to points beyond the telegraph lines in the West Indies, are informed that steamers leave Havana as follows:

DAY OF MONTH.	NAME OF STEAMER.	WHERE TO.	REMARKS.
2	Barcelona.	St. Thomas.	{ Returning, leave Santiago de Cuba about 8th & 22d; leave Porto Rico about 3d & 17th.
18	Montezuma,	St. Thomas.	
No Regu-	{ Pajaro.	St. Thomas.	
lar days,	{ Polayo.	St. Thomas.	
5 or 6	British steamer.	St. Thomas and Europe.	
17 or 18	French steamer.	St. Thomas and Europe.	
21 or 22	British steamer.	Vera Cruz.	
4 or 5	French steamer.	Vera Cruz.	
15 & 30	Spanish steamers.	Cadiz.	

No French steamer for New Orleans.

The Barcelona and Montezuma touch at the following points: Nuevitas, Gibara, Baracoa, St. Jago, Puerto Plata, Mayaguez, Augundilla, Porto Rico.

There are regular steamers—one a month for Hamburg, via Havre and Bremen, via Southampton.

Customers will facilitate prompt delivery of their messages by leaving their address at the Telegraph office.

RULES.

RULE 1.—CHECK.—You will state in the check :

1. The number of words in the entire message, including address, date, and signature.
2. The amount charged.

RULE 2.—COUNT.—The address, date, and signature must be included in the count, and charged for.

The name of the place where the message originates must be included in every message, to protect the several companies interested in its delivery. Should it be desired to send a message in which any of the above requirements are omitted, the sender must write below the message, "Responsibility of Delivery Waived," and sign the same name or names as in the signature of the dispatch. The prefix "R." must precede the check upon such messages.

Compound names of places, including names of Countries, States, Islands, Cities, Towns, &c., and compound words, count as one word. Names of individuals, firms, vessels, streets, and all other names count for as many words as they contain. The prefixes d' or de, and l', le or la, before names of *individuals*, will not be counted separately. In other cases they will be charged as single words.

F. O. B., or C. F. I., when written thus, "fob," "cf," count as one word; but when the letters are separated thus: F. O. B., or C. F. I., count as three words.

Figures in ordinary messages must be expressed in words. The charge will be for the number of words, without regard to the figures they represent.

Twopence, threepence, &c., up to elevenpence, count as one word in each case.

Words must be written in full. Abbreviations will not be allowed, except such as are in ordinary use, as Co. for Company, St. for Saint.

RULE 3.—Official Messages of the Spanish or United States Governments will be charged less than the above rates by \$1.75 for each message of ten words or less, and eighteen (18) cents for each additional word. All such messages must be signed officially, and the prefix "G" must precede the check.

RULE 4.—Code or cypher messages and abbreviations are disallowed by the Spanish Government.

In the event of the Spanish Government permitting messages of this character to be received, they will be subject to the following regulations:

CODE MESSAGES—by which are meant messages constructed, for purposes of secrecy, of disjointed sentences or words rendering the meaning unintelligible—will be transmitted with every possible care; but the Company, while willing to investigate by post complaints respecting errors in such messages, will not return the charges upon them unless they be "repeated messages." (See Rule 6.) Should the receiver of such a message have it repeated, the amount paid for application and reply will not be returned unless the message was originally a "repeated message," and paid for as such by the sender.

CYPHER MESSAGES—by which are meant messages consisting of letters grouped or otherwise, not forming any known or dictionary words, or of numerals—will be counted each letter or figure as a word. When cypher is intermixed with plain words, the plain part of the message will be charged at ordinary rates, and the remainder as cypher.

RULE 5.—MESSAGES BEYOND TELEGRAPH LINES.—Messages destined for places beyond the Lines of Telegraph must contain instructions from the sender as to the places from which they are to be posted. Such instructions must be inserted immediately after the address, and charged for as part of the message. Twenty-five cents, gold, must be charged extra for postage in such cases.

In messages for China, the words "Post Galle" or "Post Kiachti;" in messages for Australia, the words, "Post Galle," and in messages for Gibraltar, the words "Post San Roque" must be inserted and counted. The Galle route is best for China business. Messages to be mailed to West Indies, Gulf Ports and South America, the words "Post Havana" must be inserted and counted. Twenty cents, gold, must be charged extra for postage from Havana.

RULE 6.—REPEATED MESSAGES.—In order to more effectually secure accuracy in transmission, messages may be repeated back from the station at which they have been received to the station from which they were originally sent. Repeated messages are charged double the ordinary rates. The words "Repetition paid" must be inserted immediately after the address, and charged for.

Should the RECEIVER of an ordinary message require it to be repeated on account of supposed error, the application for repetition must be addressed to the sending station. Such application and repetition must be treated as two distinct messages, and be prepaid by the applicant. Should an error be discovered, the charges for the application and repetition will be returned.

RULE 7.—PREPAID REPLIES.—The sender of a message may prepay the reply as follows: The sender must insert immediately after the address, and pay therefor, the words "Reply, ——— words paid." The number of words paid for will be written in the blank space. Should the reply contain more words than the number so specified, the sender of the reply, on presenting it for transmission, must pay for the excess. The reply must be tendered not later than eight days after arrival of original at delivery station.

If answer of only ten (10) words is prepaid, it is sufficient to insert in original message, "Reply paid."

In cases where more than one reply is required and prepaid, the sender must state the number of replies thus: "Three replies paid;" or, if more than ten words, thus: "Three replies, each ——— words, paid."

The privilege of prepaying replies provided for by this rule is confined to business with Great Britain, Ireland and the United States.

RULE 8.—GOVERNMENT CYPHER MESSAGES may consist of numerals or letters, or both, and may contain plain dictionary words. They will be counted as follows:

1. Count plain words as single words.

2. Divide the total number of numerals or letters, if not in groups, by five (5), and count each five and fractional remainder as a word. If grouped, count each group of five or less as one word; over five and up to ten, two words; and so on.

These rates are for unrepeat Government cypher messages, and no charges will be returned on account of errors. Double rates must be charged if these messages are requested by the sender to be repeated.

RULE 9.—COMPLAINTS.—All complaints respecting irregularity in transmission or delivery of messages must be made by the sender in writing. In cases of delay or error, the complaint must be accompanied by the receiver's copy of the message. In cases of non-delivery, a statement in writing from the person to whom the message was addressed, to the effect that the message has not been received, must be furnished with the complaint.

The Company will not incur or accept any liability whatsoever, either for the transmission of telegrams to or from their line, or for their safe delivery at their destination; nor will they accept any liability arising from delay or stoppage, by reason of any accident to the cable or instruments. The Company will not consent to be liable, under any circumstances, for any sum whatever, as damages or otherwise, for loss resulting from errors, mistakes, delays, or other causes, in respect to any message intrusted to them, beyond the return of that portion of the charge accruing to the Company out of the amount received, and then only in case the message should fail in transmission when in the hands of the International Ocean Telegraph Company.

(COPY.)

Office N. Y., N. & L. TEL. Co., }
New York, April 6, 1870. }

MY DEAR SIR:

I have the honor to acknowledge your favor of the 5th inst., in answer to mine, addressed to your President, on the subject of tariffs.

You inclose list of tariffs, by which it appears that the tariff between

Havana and New York is.....	\$5 00
“ “ any point in Nova Scotia.....	6 00
“ “ Great Britain and France.....	15 00

I cannot prevail upon myself to believe that your Directors are aware of the serious discrimination which is made therein

against British and European business. Will you be kind enough to call their attention to the fact?

If we were to deliver business to you at New York, the sum of your tariff and ours would be but \$12 50, viz.:

Great Britain or France to New York.....	\$7 50
New York to Havana.....	5 00
	\$12 50

If any other point of meeting be taken, the results will be similar. Your rate to Nova Scotia is..... \$6 00
The amount paid us at Plaister Cove on Cable business brought by the W. U. is..... \$6 72½

Which would give as total from Havana to London.. \$12 72½

Again, your Company, out of your five dollar rate, pays the W. U. \$1 00 from Lake City to all points in the United States east of the Rocky Mountains, which leaves you \$4 00 net between Lake City and Havana. On the tariff arranged for the Atlantic Cable business by the W. U., the cost from New York to Lake City, added to the rate from London to New York, would make a total from London to Lake City of..... \$9 00
To which add your net rate as above..... 4 00

And we should then have as high a rate as can be obtained, by adding together existing local rates, say..... \$13 00

I am sure that on considering these facts your Board will at once make a reduced figure for British and European business; and I would respectfully urge immediate attention to the subject. I remain, my dear sir,

Very truly, your friend,

CYRUS W. FIELD,

Vice-President.

F. P. BLADEN, Esq.,
Treasurer Int. O. Tel. Co.

(COPY.)

OFFICE I. O. T. Co., }
 NEW YORK, April 7, 1870. }

CYRUS W. FIELD, Esq., Vice-Prest.

Dear Sir: Your esteemed favor of 6th inst. received, and I beg leave to state that the subject of said communication will be, as per your request, laid before our Board at its next meeting.

Very respectfully, your obedient servant,

THOS. P. BLADEN, Treasurer.

(COPY.)

OFFICE I. O. T. Co., }
 April 27, 1870. }

CYRUS W. FIELD, Esq., V. P. N. Y., N. & L. Tel. Co.

Dear Sir: In accordance with my note to you of April 7, I placed the letter of yours, dated 6th inst., in reference to tariff, before the Executive Committee this day, and after due consideration said Committee passed the following resolution:

"Resolved, That in view of C. W. Field's, Esq., Vice-President, letter, the Treasurer informs the N. Y., N. & L. Tel. Co. that this Company is quite willing to enter into a negotiation for the purpose of reducing the rates from London to Havana, and will therefore recommend that each of the Companies interested reduce the tariff by 33 per cent. of the present rates, thus giving as a through rate on 10 words, \$10 00, gold; and for each additional word."

Trusting this resolution will meet with your favorable consideration, believe me,

Very respectfully, yours, &c.,

T. P. BLADEN, Treasurer.

(COPY.)

OFFICE N. Y., N. & L. TEL. Co., }
NEW YORK, May 3, 1870. }

T. P. BLADEN, Esq., Treasurer I. O. T. Co.

Dear Sir: Referring to my letters of April 4th and 6th, and yours of the 5th, 7th, and 27th ult., on the subject of tariffs, I beg to say that the proposition of your Executive Committee, of *pro rata* reduction, could not be entertained, for the simple reason that our tariff between Amercia and Europe is a very low one, and yours between Cuba and Florida a very high one. We are strongly in favor of low tariffs, and are very anxious to do what is exactly just with all connecting lines. We would propose that our through tariffs be based either upon the exact cash cost of the lines, or *pro rata* upon the miles of land line of each, and the miles of cable of each, although this latter would be greatly against us, as our cables are in much deeper water, and our land lines through a country which renders maintenance much more costly than yours.

As your Directors will be in session to-day, I would urge the presentation of this matter to their consideration, and hope to receive an answer this afternoon. We cannot doubt that they will, in any event, order the tariff between Cuba and England and France reduced to \$12 50, being the full amount of your present tariff between Cuba and the United States, and the full amount paid to connecting lines between the United States and Europe. I remain, my dear sir,

Very truly your friend,

CYRUS W. FIELD,

Vice-President.

I have read the above letter and would most respectfully urge its immediate and favorable consideration.

(Signed), PETER COOPER.

OFFICE OF THE I. O. T. Co.,
May 3, 1870.

CYRUS W. FIELD, Esq., Vice-Prest. N. Y., N. & L. Tel. Co.

Dear Sir: I am instructed by the Board of Directors to acknowledge the receipt of your letter of this date, and to send you a copy of the resolution passed at the Board meeting to-day.

RESOLUTION.

"A communication from the New York, Newfoundland and London Telegraph Co., dated May 3, 1870, having been read, in reference to the through tariff on business between Cuba and Europe, and the same having been carefully considered, therefore

Resolved, That the Board do not feel justified in making any change in the present tariff, except on the principle that the companies interested shall each bear their *pro rata* share of the reduction, based upon the proportion each company now receives on the present tariff."

The Board recollects that the original tariff from London to New York was \$100, and they are also aware that for private interest, and under the spur of competition, the tariff has been reduced to \$7 50. These reductions have never been made with any reference to this Company and its tariff, and there seems to be no especial reason now why any such relation should be established.

If the Western Union Telegraph Co. and this Company have seen fit, for their own interest, to develop the U. S. business by a reduction, it cannot be claimed that other companies who do not unite in that reduction should share in the benefits arising from it.

The Board, however, were quite willing to enter upon a general reduction, as indicated in my letter of 27th ult. That proposition has been declined, and therefore all further discussion of the question would seem to be useless, as there are no existing agreements or business relations between the companies. With great respect, believe me

Very truly, yours, &c.,

THOS. P. BLADEN, Treasurer.

N. Y., N. & L. TELEGRAPH CO., }
NEW YORK, May 7, 1870. }

THOS. P. BLADEN, Esq., Treasurer International Ocean Telegraph Co.

Dear Sir: I have the honor to acknowledge the receipt of your letter of the 3d inst., with copy of the resolution passed by the Directors of your Company.

The entire correspondence between your Company and ourselves on the subject of tariffs has been read to our Directors, and they express great surprise at the position your Company takes.

I would correct your impression that under the spur of competition we have reduced our tariffs. The first tariff was merely an experimental one, and was announced before the cable was laid, many scientific men asserting that we could not get over two words per minute through so long a cable. Our reductions were as follows:

Nov. 1, 1866, from \$100.....	to \$50 00
Dec. 1, 1867.....	to 25 00
Sept. 1, 1868.....	to 16 87
June 1, 1869.....	to 10 00 and
Aug. 10, 1869, to the present rate.....	7 50

These reductions were the result of our desire to give the public as low a tariff as could possibly be afforded, and were all made before any competing line was open to business; and all of the important ones before the French line was even talked of.

We inclose you copy of resolutions unanimously passed by our Board this day, and would ask your Board to carefully consider the annexed statements.

I remain yours, very respectfully,

CYRUS W. FIELD, Vice-President.

1.—CASH COST OF LINES.

The Newfoundland, Atlantic, Anglo-American and French Co.'s lines, between eighteen and nineteen millions.
Cuba Co.'s lines said to be about \$600,000.

2.—THE DEEPEST WATER CABLES LAID IN.

Newfoundland, Atlantic and French Co.'s.....	2,760 fathoms.
Cuba Co.....	845 "

3.—TOTAL LENGTH OF CABLES.

Newfoundland, Atlantic, Anglo and French.....	7,302 miles.
Cuba Co.....	473 "

4.—TOTAL LENGTH OF LAND LINES.

Newfoundland, Atlantic, Anglo and French.....	2,784 miles.
Cuba Co.....	500 "

5.—TOTAL LENGTH OF LAND LINES AND CABLES.

Newfoundland, Atlantic, Anglo and French.....	10,086 miles.
Cuba Co.....	973

6.—TARIFF NET TO COMPANIES ON EUROPEAN BUSINESS ON
TEN WORDS, AFTER PAYING OUT ALL DISBURSEMENTS TO
OTHER LINES.

Newfoundland, Atlantic, Anglo and French.....	\$6 48
Cuba Co.....	6 00

NEW YORK, NEWFOUNDLAND & LONDON TEL. CO. }
 NEW YORK, May 7, 1870. }

At a meeting of the Directors, held this day, the correspondence between the Vice-President of this Company, the President of the Western Union Telegraph Company, and the President and Treasurer of the International Ocean Telegraph Company, in relation to the charge of the last named Company for through messages between Europe and Cuba, having been read and carefully considered, it was on motion unanimously

Resolved, 1st. That the Directors of the Newfoundland Company, from the very completion of the lines of telegraph connecting Europe and America, have been anxious to place the rate of tolls to the public and to the press at the lowest possible price consistent with a moderate remuneration to the

stockholders for the costly expenditure incurred and the great risk assumed in this description of property.

"Resolved, 2d. That the reductions between New York and London made from time to time—from \$100 to \$7 50—were not made under 'the spur of competition,' but were made to invite an increase of business.

"Resolved, 3d. That the change asked of the International Ocean Telegraph Company in their tariff, for messages between Europe and Cuba, is only equivalent to a request to make their rate on European business the same as on United States business.

"Resolved, 4th. That such change would not inure to the advantage of this or any of the connecting Companies (except as all, including the International Ocean Telegraph Company, would be benefited by an equal tariff), but to the public and the press in Europe and Cuba, and points beyond, whose interests the Directors of this Company deem it proper to protect; and they consider that these and all other patrons should be placed on an equal footing.

"Resolved, 5th. That in the opinion of this Company, such a discrimination, if persisted in, will result to the detriment of telegraphic interests generally.

"Resolved, 6th. That a copy of the correspondence referred to herein, and of these resolutions, be communicated to the Western Union Co., the Anglo-American Telegraph Co., the Atlantic Telegraph Co., and the Cable Transatlantique Francais, for their information, and for such action as may be deemed proper and just in the premises."

(From the minutes.)

EDWARD KAVANAGH, Secretary.

(COPY.)

NEW YORK, NEWFOUNDLAND AND
LONDON TELEGRAPH CO.,
NEW YORK, May 20, 1870. }

WM. F. SMITH, Esq., ALEX. HAMILTON, Jr., Esq., JAS. A.
SCRYMSEY, Esq., J. T. SANFORD, Esq., DAVID H. HAIGHT,
Esq., EDWARDS S. SANFORD, Esq., OLIVER H. KING, Esq.,
ROBERT J. LIVINGSTON, Esq., WM. G. FARGO, Esq.,
Directors of the International Ocean Tel. Co., New York.

GENTLEMEN:

The undersigned, Directors of the New York, Newfoundland and London Telegraph Company, would most respectfully request that you will carefully consider the correspondence that has passed between your Company and ours in regard to the tariff of your Company on messages passing between Cuba and Europe, a printed copy of which we inclose.

We have been hoping to receive a favorable reply to our letter of the 7th instant. In that letter we showed that your Company, owning lines which had cost in cash about six hundred thousand dollars, was receiving six dollars on every message of ten words between Cuba and Europe, while the Newfoundland, Atlantic, Anglo-American and French Companies, together, with a capital of over nineteen millions of dollars, was receiving only \$6 48 for the same message. Your proportion of a through tariff, based upon cash expended, would be only \$0 20 instead of \$6 00.

A mile of good submarine cable costs about as much, laid down, as the construction of ten miles of good land line. That would make your total length of land line equivalent to 50 miles of cable. Add that to your length of cable, 473 miles, and you have a total of 523 miles.

Reduce the 2,784 miles of land line belonging to the Newfoundland, Anglo-American and French Companies, and they equal 278 miles cable, which, added to the 7,302 miles of cable owned by these Companies, and you have a total of 7,580 miles.

As these Companies together receive only \$6 48 on a through message of 10 words, the same proportionate rate would give your Company 45 cents on the same message.

What would your Directors say if our Company should charge on every message passing between Cuba and Europe \$2 50 in gold more than was charged on a message of the same length between the United States and Europe—that is, discriminate against your Company? Have we not as clear a right as your Company to do this?

The through tariff on a message from Cuba to Europe, based upon the cost of lines, would be as follows:

Newfoundland, Atlantic, Anglo-American and French	\$6 48
Your Company	20
	\$6 68

Add for W. U. lines, not belonging to your Company	
or ours	\$2 27
	\$8 95

Through tariff based upon length of lines:

Newfoundland, Atlantic, Anglo-American and French	\$6 48
Your Company	45
	\$6 93

Add for W. U. lines, not belonging to your Company	
or ours	2 27
	\$9 20

We notice your printed tariff from Key West, Florida, to Cuba for 10 words, including address, date, and signature, is

	\$1 75
Add to this tariff of Western Union	2 27
And tariff of the Newfoundland, Atlantic, Anglo and French	6 48
	\$10 50

And there is left as tariff on your line from Lake City to Key West, as now charged by you

	\$4 50
	\$15 00

A tariff of fifty cents for a message of ten words over this length of line would be a higher rate than is charged you by any connecting line that we know of in Europe or America.

By the act of Congress which gives your Company the *exclusive right* for fourteen years to connect the United States with Cuba and the other West India Islands, you are limited to a tariff, for ten words, of \$3 50.

This undoubtedly meant currency, as nothing is said in the bill of its being gold; and unquestionably it was intended that the date, address and signature should go free, as that was the universal rule on lines in the United States.

We again most respectfully urge you to consider this subject, believing that it is for the interest of your Company as well as for the public that the tariff for telegraph messages between the United States and Cuba, and between Cuba and Europe should be immediately largely reduced.

We remain, gentlemen,

Very truly, your friends,

PETER COOPER,
CYRUS W. FIELD,
MOSES TAYLOR.

(COPY.)

OFFICE OF THE INTERNATIONAL OCEAN TELEGRAPH }
COMPANY, No. 88 Liberty street,
NEW YORK, May 20, 1870. }

PETER COOPER, Esq., }
CYRUS W. FIELD, Esq., } Directors, &c.
MOSES TAYLOR, Esq., }

GENTLEMEN:

I have to acknowledge the receipt of your letter addressed to the Directors of this Company of this date, and also one from Edward Kavanagh, Esq., Secretary to Thos. P. Bladen, Treasurer, dated 7th inst.

Both letters will be placed before the Directors of this Company at the earliest opportunity, and the matters therein stated will be replied to. If, in the meantime, it is intended to pur-

sue the course, with regard to the publication of this correspondence, adopted as to the late letters which passed between these offices (a copy of which you have now favored me), be pleased to inform me.

Very truly yours, &c.,

WM. F. SMITH, President.

(COPY.)

N. Y., NEWFOUNDLAND AND LONDON }
TELEGRAPH COMPANY,
NEW YORK, May 23, 1870. }

General WM. F. SMITH, President International Ocean Telegraph Company:

DEAR SIR: We have the honor to acknowledge receipt of your letter of the 20th inst.

In reply to your inquiry whether it is our intention to print more of our correspondence with your Company in regard to your charge upon European business, we would respectfully inform you that the only object the Directors of this Company had in printing, for circulation among the patrons of our line who send telegrams between Cuba and Europe, was to obtain what they considered simple justice for such patrons, and to show that our Company was not to blame for the excessive rates charged. To accomplish this important object, the Directors felt, and do feel, bound to use all honorable means.

Hoping that you will call a full meeting of your Board at an early day to consider this subject,

We remain, dear sir,

Yours, very respectfully,

PETER COOPER,
CYRUS W. FIELD,
MOSES TAYLOR.
MARSHALL O. ROBERTS.

(COPY.)

OFFICE OF THE INTERNATIONAL OCEAN TELEGRAPH }
 COMPANY, No. 88 Liberty street,
 NEW YORK, May 23, 1870. }

PETER COOPER and others.

GENTLEMEN: I have to acknowledge the receipt of your letter of this date.

May I beg the favor of an answer to the following question, which will probably be one asked by some of the members of this Board:

Is there any example of discrimination in the tariff of rates for telegraphic messages between Europe and America, other than that with which this Company is charged?

An early answer to this question will aid me in the report to be made on this subject.

Yours, very truly

WILLIAM F. SMITH, President.

(COPY.)

N. Y., N. & L. TELEGRAPH COMPANY, }
 NEW YORK, May 28, 1870. }

General Wm. F. SMITH, President International Ocean Telegraph Company.

DEAR SIR: We are in receipt of your favor of the 23d instant.

In reply we have to say that we are not aware of any Company charging more than their full local tariff and the full amount that they pay to other lines, except your Company, which charges \$2.50 extra on every message between Cuba and Europe. If your inquiry may be regarded as an indication that you know of an instance of the kind, we shall be much obliged to you to be informed immediately of it, so that we can at once apply to the Company in respect to the matter.

We remain, very truly, your friends,

PETER COOPER, President.

OFFICE OF THE INTERNATIONAL OCEAN TELEGRAPH
COMPANY, No. 88 Liberty Street,
NEW YORK, June 7th, 1870. }

To MESSRS. PETER COOPER, CYRUS W. FIELD, and others.

GENTLEMEN : Your communication of the 20th ult. has been laid before the Directors of this Company, and has received their careful consideration. I am directed to make this reply to it.

In consequence of the publication of a former correspondence on this subject between Mr. Cyrus W. Field, Vice-President, and this Company, without any intimation that such publication was contemplated, it becomes necessary to make a more extended answer, as to the reasons governing the action of this Company, than was given in their former letters when it was assumed they would be read only by those to whom they were addressed, and who were familiar with the questions involved.

The authoritative tone assumed in the letters signed by Mr. Field makes it necessary to state what would not otherwise be apparent to those not acquainted with the fact; that this Company is an organization chartered under the laws of New York, entirely independent either of the Trans-Atlantic Companies, the Newfoundland Company, or of Mr. Cyrus W. Field. It has no corporate connection with them, nor is it in any way accountable to them beyond that accountability which all persons and corporations owe to the community in which they live or exercise their corporate functions. So far as this accountability goes, this corporation has faithfully kept all the conditions imposed upon it by its grants and franchise, and is striving with every prospect of success to carry out its original purpose of establishing telegraphic connection with all the principal West India Islands as well as with South America.

As its business has developed it has reduced its rates to a point as low as it can afford to maintain a line which is short-lived at best, and subject to peculiar hazards. While it means to give to the public prompt and reliable service at

reasonable rates, it does not intend, while under its present management, to emulate the example of those lines of which Mr. Field is considered the controlling manager; and which, according to his testimony, have not paid three per cent per annum on their cost.

Its line was opened in September, 1867, and since then its rates have been reduced nearly fifty per cent. The result so far has been that while in the months of January, February, March and April, 1869, this Company paid a Government tax upon its gross receipts of \$3,706.82; in the corresponding months of 1870, under its present tariff, that tax fell off to \$2,974.71.

In his letter of 6th of April last, printed on page 9, Mr. Field acknowledges the receipt of the letter from this office of April 5th, and after stating the writer's conviction of the ignorance of the Directors of this Company of their own established tariff, he adds: "If we were to deliver business to you at New York, the sum of your tariff and ours would be but \$12.50, viz:

Great Britain to New York	\$7.50
New York to Havana	\$5.00
	\$12.50

As he does not state any reason why his Company does not "deliver its messages to us at New York," and as no reason in fact exists against the right and ability to do so, the complaint which is made about this "serious discrimination against British and European business" seems to be without foundation in fact. By his own showing his English patrons can deliver a message from London to Havana for the sum of \$12.50, and no one in the United States can do it for less.

The 5th resolution of the Newfoundland Board at the meeting of May 7th, 1870, is as follows, viz: "That in the opinion of this Company such a discrimination, if persisted in, will result to the detriment of telegraphic interests generally." The responsibility imposed upon this Company by that resolution is evidently very grave; it is further evident that the only

idea which a disinterested person would draw from it is that the International Company has originated the principle of discrimination, and that it is the only Company in whose tariff sheets that principle enters.

In the letter of May 28th, it is distinctly stated "that you are not aware of any Company charging more than their full local tariff and the full amount they pay to other lines." That letter also contains a mistake with reference to the excess on the European tariff over our lines, it not being \$2.50.

The tariff sheets of your own Companies abound in discriminations. Discriminations against the people of the United States. Discriminations against sections, whereby messages to and from other points than New York City are charged at a higher rate than the local tariff between New York and those points. Discriminations, moreover, against Cuba business begun at a time when you were the only people for whom we were doing business on a basis of ten words to the message; and when, therefore, no discrimination could have been urged as being practiced by this Company. A tabular statement of some of these discriminations can be furnished you for publication if you desire.

Your letter of the 6th of April was answered on the 27th of April by this Company making an offer to reduce the rates from London to Havana 33 per cent. upon the present tariff. On the third of May Mr. Field, as Vice-President, replied, declining this offer, and made on his part two propositions:

First: That a through tariff be based upon the actual cash cost of the several lines.

Second: A *pro rata* upon the number of miles of Land Line, and Cables of each.

An acceptance of the first proposition would give to this Company, as since stated in your letter of May 20th, twenty cents for each message, and upon the second, according to the same authority, forty-five cents.

No one knew better than the proposer that the highest of these rates would not pay the cost of the service. He knew

that the expenses of working a cable were as great upon a line of one hundred miles as upon a line of three thousand miles; and that a working and repair force must be kept employed as well upon a line working one-fifth of its capacity, as upon one working three-fifths of its capacity. He knew that while the lines he represented absorbed the telegraphic business of the commercial world with the United States, including the foreign business of this Company, and made the whole system of European, Asiatic and African Cables its tributaries, the business of this line was confined to a single island with a population of about fifteen hundred thousand souls.

This simple statement of the relative conditions of each party to the proposed agreement furnishes its own commentary upon a proposition for a basis of rates founded upon the several cost or length of the lines.

The assumption, however, in the letter in question of the cost of this Company's lines, is so grossly incorrect as to force this Company to unpleasant conclusions as to the intention in writing, and appearing so speedily in print. Hence it is not supposed that the offer was made under any belief that it could be accepted; and if any good purpose has been gained by publishing it the parties are welcome to the benefit of it.

A comparison of the lines and capitals of the N. Y., N. F. & L. and I. O. T. Telegraph Companies may not be uninteresting.

Our length of Cable is	370 miles
Yours is	561 "
Our length of Land Line is	540 "
Yours, I am told, is	250 "
Our Capital Stock is	\$1,500,000
Yours is	4,000,000

The business of a world goes over your line, while ours has to do with the commerce of one city.

Your dividends, we learn on good authority, have been 8 per cent., or \$320,000 in gold per annum, an amount nearly

2½ times the net earnings of this Company during its last and best fiscal year. It is true that this Company labors under a disadvantage, as compared with yours, of paying the United States Government Internal Revenue tax of 3 per cent. on its gross receipts, which of course diminishes the relative net earnings.

To return a little, and assuming that repeating a message in the United States would be an inconvenience, and for that reason is complained of as a discrimination, the action of this Company on that subject is free from criticism.

On the 10th of August last the rates from Havana to London were fixed at \$15. At that time the rate from Cuba to the City of New York for a message of twenty words, including the charges of the Western Union Company, was \$10. Some time after the 10th of August a negotiation was entered into between the Western Union and this Company for the establishment of a reduced tariff of rates, in the hope of developing an increased business in the United States. This resulted in an agreement which went into effect on the first of January last, reducing the rate to five dollars for a message of ten words to any part of the United States east of the Mississippi River—this was intended primarily to encourage the United States business; but it was equally open to all the world.

In the written acceptance by the Western Union Company of December 21, 1869, it was expressly stated that this tariff was not to apply to Cable business by either the English or French lines, which was to be considered as exchanged with this Company at Lake City, and over which their regular Atlantic Cable tariff was to be charged.

By this arrangement no change was made in their tariff of \$1.50 received by the Western Union on our European business; but in consideration of the reduction made by us, and that our land line had to be maintained through a wilderness of over five hundred miles, with no local business, the rates were made at four dollars for this Company, for its ca-

bles and land lines, and one dollar to the Western Union for its land line.

If there is any concession in this to the interest and convenience of the people of the United States, this Company sees no reason either to repent of its action or to review it.

When the business of their line will warrant a further reduction on their rates, their conduct in the past is the best guarantee of what they will do in the future.

The letter of the 20th of May on the same subject, is a repetition in effect of the suggestions in the letter of the 3d of May, with a series of calculations based on a receipt by this Company of either 20 or 45 cents per message; presenting again the anomaly of alternative propositions in which the result as to one produces a rate more than twice that of the other, and is based upon values, some of which at least are for sale at 75 per cent. of the cost.

As this has been already answered, it is not necessary to go over the same ground; but there is one suggestion of new matter contained in the last communication. I refer to the statement that by the Act of Congress of May, 1868, we are limited to a charge of \$3.50 for ten words between the West India Islands and the United States, and that this means \$3.50 in currency. As you had in the same letter quoted the tariff between the United States and the West India Islands as fixed by this Company at \$1.75 gold, it is difficult to discover any practical application of the legal opinion you are good enough to favor us with to the case stated.

When you shall be able to show that \$1.75 in gold, which you say is what we charge, is more than \$3.50 in currency, which you say is what the Act gives us, you will have taken at least an initial step in your argument; until you do so its application is not perceived.

As a matter of fact this Company has never charged for a message from Cuba to the United States a sum in gold which would be equal to the limit of the tariff fixed in the Act when reduced to currency; so that any discussion as to the true

construction of the Act of Congress on this subject is altogether unnecessary. As a matter of opinion, however, this Board has the misfortune to differ entirely from that expressed in your letter.

Extracts from the minutes of a meeting of the Board of Directors of the International Ocean Telegraph Company, held June 7, 1870 :

Resolved, That in view of all the correspondence which has taken place between this Company and the New York, Newfoundland and London Telegraph Company on the subject of a reduced tariff between London and Havana, this Board arrives the following facts :

First: That the New York, Newfoundland and London Telegraph Company *demand*ed a reduction of the tariff on European business over our lines, without offering themselves to become parties to the reduction.

Second: That this Company (carrying out the same general plan entered into by this Company and the Western Union Telegraph Company for the development of United States business) offered to reduce the tariff on its lines $33\frac{1}{3}$ per cent. for European business, provided the other lines in the connection would make the same *pro rata* reduction, which offer has been declined.

Third: That this correspondence was declared to have been begun in the interests of the patrons of the Trans-Atlantic lines ; wherefore be it

Resolved, That the New York, Newfoundland and London Telegraph Company be requested to inform its patrons that this Company now makes the following offer, viz :

To reduce its rates at once on all business between Europe and Cuba not less than $33\frac{1}{3}$ per cent., nor more than 50 per cent., provided that all companies in the telegraphic line between Lake City, Fla., and London will make the same reduction, thereby reducing the tariff on the present form of message to not less than \$7.50 nor more than \$10, as against the present tariff of \$15.

Resolved, That this offer remain open until the 30th day of June, inst., and that copies of the above resolutions be addressed to the President of the Western Union Telegraph Company, and such other parties as may be interested.

Resolved, That the foregoing resolutions be incorporated in the letter of the President, read to this Board in reply to the several letters received from the "New York, Newfoundland and London Telegraph Company."

It is believed that this communication answers the several suggestions and propositions contained in the letters received to this date.

Respectfully yours,

WM. F. SMITH,
President.

NEW YORK, NEWFOUNDLAND AND LONDON TELEGRAPH CO., }
New York, June 15, 1870. }
Gen. Wm. F. Smith,

President International Ocean Telegraph Company.

SIR: Your letter of the 7th instant was duly received, and has had the careful consideration of the Directors of the New York, Newfoundland and London Telegraph Co., at their meeting held this day.

Justice to our Mr. Field requires the statement at the outset of our reply that all correspondence which has taken place between our Company and yours has been considered and approved by this Board before being sent to you, and we regret that you should attempt to make any part of it a personal matter.

We would assure you that there has been no intention on our part of assuming any authority over the affairs of the International Ocean Telegraph Co., and we do not think our letters will lead any disinterested person to such an opinion. We have endeavored to convince you of the great injustice of the discrimination which you are making against European

business. We have referred to your own tariff card, from which it is apparent that over the same route you charge for United States business one price, say \$5 for 10 words, and for English and European business another price for the same number of words, say \$7 50; and it has been in respect to this difference of \$2 50 gold, on every message, we have endeavored to secure a reasonable reply.

It is evidently impossible for us to consider your proposition to make a *pro rata* reduction when your starting point is 50 per cent above the price accorded to any other patron of your line.

We desire to correct the impression which you seem to have when you remark, respecting your line, that "it was opened in September, 1867, and since then its rates have been reduced nearly 50 per cent." At your opening, by your printed cards, it appears for 20 words your charge between New York and Havana was \$10 gold, which was an average per word of 50 cents. Your present rate, found also upon your published card, is \$5 for 10 words, which is an average per word of 50 cents. How you discover a reduction of nearly 50 per cent is not very clear to us. It may be that you have not yet noticed that you are charging us, on European business, 75 cents per word—50 per cent more than you have ever charged any other party—but by our correspondence we are endeavoring to bring it to your mind. While you charge 50 cents per word to the public, we ask the same terms for the patrons of our line.

A point in your letter which seems to us quite peculiar is that your high rate is sought to be justified by what is said to be the testimony of Mr. Field that the lines he represents "have not paid 8 per cent per annum;" but in another place you say you learn on good authority the dividends on those lines "have been 8 per cent, or \$320,000 in gold per annum." It is perfectly true that the original stockholders in the Atlantic Telegraph Co., who paid their money in 1856 (14 years ago), have never received but one dividend, and that of

3 per cent. The statement mentioned by you as having been made by Mr. Field must have been in reference to those stockholders of which he was one.

It is no particular purpose of ours to review the many misapprehensions in your letter, which seems to be written with the simple intention of avoiding the point to which we have, in all our writing, endeavored to bring your attention, but we notice another instance so glaring it should not remain uncorrected. You remark that the amount of our yearly dividends, which you "learn on good authority have been 8 per cent, or \$320,000 in gold per annum," is "nearly 2½ times the net earnings of the International Ocean Telegraph Co. during its last and best fiscal year." The gist of this statement is that your Company's receipts during your last and best fiscal year were about \$128,000.

In this connection we would call your attention to the prospectus of the Company organized to connect the West India Islands, in which organization we are led to believe your own Company has an interest, as your last letter says it (the I. O. T. Co.) "is striving, with every prospect of success, to carry out its original purpose of establishing telegraphic connection with all the principal West India Islands as well as with South America." The interest of your Company in the West India Company is further apparent in the use, in the prospectus of that Company, of your own name as a Director. In that prospectus allusion is made to contracts and agreements for connection with your Company, and reference is made to the actual earnings of your Company, which it quotes at £80,000 per year—equal to \$300,000, gold. Now, as you were a Director in both Companies, viz.: the International Ocean Telegraph Company and the West India and Panama Company, it is to be presumed that the statement made in the prospectus of the latter was with your sanction. How that can be reconciled with the statement made to us in your last letter we are unable to see.

But of these peculiarities we do not care to treat further.

You know, quite as well as we, that the discrimination of which we complain cannot be justified, and that no amount of argument can make it right. It is evident your Company can afford to send European business at the same price for which it sends United States business; and especially in view of the fact that on the latter your Company realizes a net of \$4.00, gold, for ten words, while our Company, with a much greater extent of line and more cable, actually affords to send the same number of words for \$1.50, gold.*

As you say that the tariff sheets of our Company abound in discriminations, we would respectfully repeat the request made in our President's letter of May 28, 1870, for any instances.

We append a correct statement of the length of the Newfoundland Co.'s lines and cables, and the tariff realized by it on a message of ten words, placing the same in conjunction with the lengths of your lines and cables, as stated by yourself, which may serve to correct your impression of the relative condition of each party.

We trust your Company will see the propriety of placing European business upon the same footing as that of the United States.

By order of the Board,

EDWARD KAVANAGH,
Secretary.

NEW YORK, NEWFOUNDLAND
AND LONDON TELEGRAPH
COMPANY.

Length of land lines.....1,610 miles
Length of cables..... 501 miles

*Net tariff on ten words.....\$1 50

Capital.....\$3,830,000 00

INTERNATIONAL OCEAN TELE-
GRAPH COMPANY.

Length of land lines.....540 miles
Length of cables..... 870 miles

Net tariff on ten words—
On U. S. business.....\$4 00
On European business..... 6 50

Capital.....\$1,500,000 00

* From this \$1 50 should be deducted the rebate allowed Anglo-American Co. and tariffs paid to other lines, leaving less than one dollar net to Newfoundland Co. See Secretary's letter of June 17, page 33.

NEW YORK, NEWFOUNDLAND AND LONDON TELEGRAPH CO.,
 NEW YORK, JUNE 17, 1870.

SIR: In reference to the tabular statement appended to my letter of 15th instant, addressed to you, and to an item of the same—also referred to in the body of said letter—I would beg to say, that under the arrangement recently entered into between the Companies engaged in the transmission of Atlantic Cable dispatches, the share of this Company for its service would not exceed one dollar per message of ten words, instead of one dollar and fifty cents per message, as mentioned therein.

I am, Sir,

Your ob't servant,

EDWARD KAVANAGH,

Secretary.

Gen'l W. F. SMITH,

Pres't International Ocean Tel. Co.

D KAVANAGH,
 Secretary.

NAL OCEAN TELE-
 IPANY.

lines.....540 miles
370 miles

words—
 siness\$4 00
 n business..... 6 50
\$1,500,000 00

Anglo-American Co. and
 Newfoundland Co. See

